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NIO/W

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SOVIET UNION/EASTERN EUROPE

BULGARIA: Repression of Turkish Minority

The Bulgarian government's efforts to force assimilation of its ethnic Turkish minority continue to foment discontent as well as cause greater strain in Turko-Bulgar relations.

POLAND: Prospect of Upheaval Continues

Jaruzelski remains unable to stifle the influence of the Church or Solidarity, and rejects their role in a national reconciliation. Relations with the populace will fester as a result of the Church's tough stance against the government, the purge of Solidarity supporters in universities, and the indictment of Lech Walesa. The danger of upheaval continues as a product of broad popular resentment triggered by extensive political and economic discontent.

ROMANIA: Bleak Winter Aids Soviet Pressure

A particularly bleak energy situation and food shortages this winter will compound Romania's dismal economic prospects. These developments, and a debt repayment crisis, make Romania especially vulnerable to Soviet pressure. Ceausescu's recent call for closer collaboration between his army and the Warsaw Pact--a sharp change in Romanian policy--may already reflect Soviet success.

YUGOSLAVIA: Economic Ferment and Regional Restiveness

Yugoslavia's political problems continue to grow, with the expectation of further Soviet pressure and the problems of dissent, increasing economic troubles, regional restiveness and divisions in national leadership.

USSR/EASTERN EUROPE: Growing Vulnerability to Tighter Soviet Control

The Balkan countries face serious food and energy shortages, as a severe winter compounds the problems of a prolonged drought, poor harvests, a drawdown of hydropower reserves, and chronic infrastructure problems. As conditions worsen, popular acts of defiance may occur, especially in Romania. Gorbachev may try to exploit Soviet leverage through selective energy exports to loyalist regimes to pressure these countries to bring themselves closer to Soviet interests.

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WESTERN EUROPE

GREECE/TURKEY: Tinderbox

Continued Greek intransigence on Aegean issues--that already has sorely tested Ankara's patience--may spark a crisis that could provoke the Turks into making a military response.

MALTA/LIBYA: Libyan Gains

In the wake of the hijacking incident, Libya appears to be stepping up pressure on Malta to permit Libya to install and operate an air early warning radar system on the island under terms of last year's security protocol. If Malta turns the Egyptair hijacker over to the PLO, Malta's vulnerability to Libyan blandishments would rise. Valletta is renewing military cooperation with Rome, but Malta is still finding it hard to resist Libyan expansionism.

PORTUGAL: Election Fallout

A period of intense political jockeying, and possible anti-American activities, will follow January 26th's presidential election and probable runoff. Concerns of military traditionalists that the pro-Soviet Communist party will emerge dominant in the political scene are overstated, but Prime Minister Cavaco Silva's relations with the US--until recently, extraordinarily warm--will cool as he searches to build a new ruling coalition.

NEAR EAST/SOUTH ASIA

AFGHANISTAN/PAKISTAN/USSR: Fighting Intensifies and Resistance Spreads

Although Moscow is unlikely to reduce significantly infiltration from Pakistan, aggressive Soviet or Afghan aerial and ground incursions into Pakistan are occurring and may presage larger operations and clashes with Pakistani forces. Increased Soviet exploitation of tribal restiveness in Pakistan is also emerging as a growing problem for Islamabad.

INDIA/PAKISTAN: Nuclear Weapons and Instability

Nuclear weapons development is proceeding unabatedly in Pakistan, and testing of nuclear device components continues. The Soviet Union is aggressively using every opportunity to heighten India's fears of Islamabad's intentions. Gandhi announced that New Delhi is keeping its own nuclear weapons option open. There is a substantial probability, though not yet as high as 50 percent, that either country will test a weapon over the next year or so.

IRAN/IRAQ/ARAB GULF STATES: Search and Seizure of Free-World Shipping

Iran continues to interdict Iraqi-bound shipments further out in international waters, but appears to be consciously avoiding Soviet ships, even arms carriers. Tehran apparently has broadened its efforts to patrol

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south of the Strait of Hormuz to halt Iraqi cargo transloaded in the UAE. Recent Iranian attempts to board merchant ships escorted or accompanied by foreign warships may portend a serious incident and possible US involvement. Moreover, Persian Gulf states have agreed to provide armed helicopter escorts for ships entering the Gulf, which also increases the prospect of an Iranian-Arab military incident and possible US involvement.

ISRAEL/SYRIA: War?

At a minimum, limited Israeli military action against Syrian air defense capabilities seems inevitable, as Israel appears firmly committed to prevent yielding control over Lebanon's airspace. Moreover, recent large exercises by both Syria and Israel may be indicative of their concerns that one side or the other may be prepared to risk escalation. Although neither side appears to want a general war, there is a substantial probability--one in three--that Israel will react with great force in the next six months, especially if Israel's perception grows that Syria's political presence in Lebanon is part of a deliberate and successful effort to establish a "Greater Syria."

LEBANON: Peace May Prompt War

Despite some tactical accommodation with Jordan, Syria's efforts to control a peaceful political process in Lebanon probably will result only in more severe factional infighting and further acts of terrorism. Iraq's increased support for the PLO in Lebanon--designed to undercut Damascus' bid for regional leadership--most likely will only plummet Lebanon deeper into anarchy. Should Syria's efforts, however, appear to Israel to be succeeding, the prospect of formation of a formidable Syrian-controlled Lebanon will pose an intolerable situation for Israel, necessitating military action to derail Damascus' peace efforts.

LIBYA/US: Confrontation Over the Gulf of Sidra

Given the current unusually high level of tensions between Libya and the US, it seems likely Qadhafi will lie low in the near term, but Libya's more aggressive patrolling of the Tripoli flight intercept region, including the Gulf of Sidra, is eventually likely to result in a hostile act against a US aircraft. The introduction of the SA-5s in Libya, to begin operation by the Soviets evidently this month, will increase the threat, although probably not until the Libyans take control. Qadhafi's recent confusing remarks about Libya's rights to conduct reconnaissance over other countries could, if true, be a prelude to a new confrontation with the US or its allies.

MOROCCO/ALGERIA/WESTERN SAHARA: Mounting Strains

Morocco's economic problems are severe; debt rescheduling will not be enough to stave off internal economic unrest that Islamic militants are trying to exploit. The military drain on the economy will continue. Active defense of the expanded berm suggests that King Hassan is willing to risk confrontation with Algeria to consolidate control over the Western Sahara. The Polisario are conducting almost daily harassing attacks in the berm area, and acts of terrorism in other areas are likely to increase.

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PERSIAN GULF STATES: Potential for Revolution

Declining oil revenues and increasing Shia restiveness will exacerbate the problems of unfulfilled political and economic expectations. Dissent and subversion in the region are likely to increase.

TUNISIA/LIBYA: Intervention Still Possible

Tension and confusion in the area continue the risk of a confrontation with Libya. Deepening economic crisis, rising anti-Americanism, and infighting over post-Bourguiba succession may increase the possibility of instability followed by military intervention or exploitation by Libya.

TURKEY/IRAQ/IRAN: Kurds in the Way

Violence is worsening in Kurdistan, and Baghdad's harsh response will further increase support for the separatists. Turkey's cross-border operations into Iraq, and Iran's continuing provision of arms to the Kurds, will complicate regional relations and may be contributing to Turkey's willingness to cooperate with Syria, Iran, and Libya on arms flows.

EAST ASIA

CHINA/VIETNAM: Fighting Accelerates

China is building up its border forces and continues to pressure Vietnam in the border area with periodic ground attacks and more extensive daily artillery shelling. China may be expanding hostilities to other areas of the border.

NORTH KOREA/PRC/USSR: Shifting Alliances

Strains between North Korea and China appear to be worsening on a range of domestic and international issues because of North Korea's growing closer relationship with the USSR. The improved Soviet position affords new opportunities for mischief-making and complicates maintenance of the peace in the Korean peninsula.

NORTH KOREA/SOUTH KOREA: North Korean Miscalculation Possible

South Korean students, church groups and other opposition elements are evidently planning protests and demonstrations. North Korea might interpret this as weakened control in South Korea and escalate activities against the South.

PHILIPPINES: Disintegration

Marcos is facing a major health crisis; the rigors of campaigning have taken a heavy toll. Marcos' death before, or soon after, the election would prompt a massive, and possibly violent, succession struggle. A struggle that

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divides the government might even precipitate regional revolutions led by the NPA or Moros. The general breakdown in government and military discipline will continue, and polarization between the government and the people may reach new levels with few avenues for releasing tension except violence.

SUB-SAHARAN AFRICA

ANGOLA: Prospects for Clash with South Africa Grow

As the Soviets step up their direct involvement in Angolan military operations, the risk of a direct South African-Soviet/Cuban clash increases, particularly in the air. New Soviet arms deliveries to Angola may presage an early resumption of the MPLA offensive against UNITA.

CHAD/LIBYA: Libyan Offensive?

The potential for further incidents of larger scope or intensity near the 16th parallel continues. Given Libya's other problems in the international community, however, Qadhafi probably will not encourage action in the near-term. NIO/Africa notes that the possibility for Libyan-backed insurgent activities is still high.

LIBERIA: Deadlocked

Widespread domestic grievances against the brutal and inept Doe regime will continue to spark violence. Because Doe has bankrupted the economy, exacerbated tribal tensions, and even alienated the military that brought him to power, he remains chronically vulnerable to assassination or removal.

MOZAMBIQUE: Advantage to the Insurgents

RENAMO is likely to make new gains that could seriously strain the Machel government. As it develops, the situation may drive Machel to seek armed assistance from foreign military forces.

SOUTH AFRICA: Is Peace Possible?

Mounting unrest in black townships and spontaneous attacks on whites may prompt the government to retaliate quickly and harshly against ANC facilities in neighboring countries. Because the origin of domestic unrest in South Africa is not primarily external, it is likely to expand no matter the level of attacks.

SUDAN: The Fragile Grip Weakens

Economic discontent will mount, now that Sudan's inability to meet its debt obligations has triggered a halt to US aid disbursements. The TMC's fragile hold on the country--further strained by its inability to defeat the southern insurgency--will be challenged. Demonstrations and possible violence against US interests, citizens, and facilities--almost certainly with Libyan encouragement--are probable as anti-American sentiment grows. Protests may

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spread from Khartoum to Port Sudan, which could disrupt famine relief distribution efforts and jeopardize prepositioned US military supplies at Port Sudan.

LATIN AMERICA

GUATEMALA: An Economic Challenge to Democracy

The newly elected civilian government under Cerezo immediately will face serious economic problems that it is ill-prepared to confront. Any efforts to implement meaningful reforms will be strenuously opposed by conservative elements.

HAITI: Unrest Flares

Public unrest--sparked by abject economic and living conditions--is a relatively uncommon occurrence in tightly controlled Haiti, and Church, military and business leaders blame Duvalier for mishandling the current situation. There is little momentum, however, from these groups to force Duvalier to improve the fundamental political and economic situation that cause the protests. Duvalier seems likely to maintain his tight grip on power--without real opposition--in the foreseeable future, but if unrest continues, opportunities for foreign exploitation will grow.

HONDURAS: Presidential Transition Still Up in Air

Political tensions remain high following the recent presidential election. Outgoing president Suazo continues to work to prevent the apparent winner, Jose Azcona, from taking office on January 27th, which may provoke the military to intervene directly to ensure adherence to the constitution.

JAMAICA: Hard Times Aid Manley

Jamaica's grim economic outlook is helping opposition leader Manley's political prospects. The weakening economy is eroding President Seaga's little remaining support and could quickly lead to social unrest, which, in turn, would further enhance Manley's prospects for forcing--and winning--early elections.

MEXICO: Growing Economic Inefficacy and Declining Governmental Influence

Significant deterioration in Mexico's economy over the last few months--potentially as serious as the 1982 financial crisis--will test President de la Madrid's political effectiveness. Rapid inflation, flight of capital, and austerity measures are generating widespread popular and business protests, which may provoke civil disturbances in January.

NICARAGUA/HONDURAS: Escalation of Hostilities

Sandinista patrols have carried out attacks within Honduran territory several times in recent weeks while searching for FDN base camps and

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infiltration routes. These Sandinista attacks--while targeted primarily at the insurgents and their supply lines--increases pressure on the Honduran Government to restrict rebel activities. The potential for these patrols to fire on US military personnel in Honduras will increase during the upcoming large troop exercise.

PANAMA: The Military in Control

President Delvalle has virtually no political base and is broadly perceived as just another weak president providing a democratic facade for continued domination of the country by General Noriega. Delvalle is unlikely to cope effectively with Panama's mounting economic difficulties or to provide leadership required to develop any meaningful democratic institutions. He could be removed by the military at any time.

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